

Message Text

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ACTION MC-02

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FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 3792

INFO AMCONSUL CAPE TOWN

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CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: MILI SF BEXP

SUBJ: ARMS EMBARGO: SALE OF TELEDYNE ENGINES TO SOUTH AFRICA

REF: STATE 21693, 75 PRETORIA 4658

1. EMBOFFS, ALONG WITH REPRESENTATIVES FROM GENERAL COMPONENTS, VISITED METPRO OFFICES AND SHOP TO DISCUSS STATUS OF PROTOTYPE TRACTOR WITH DR. BARNARD, MANAGING DIRECTOR OF METPRO AND DESIGNER OF TRACTOR. METPRO IS SUBSIDIARY OF ISCOR AND IS RESPONSIBLE FOR BUILDING THREE PROTOTYPES AS WELL AS ORIGINAL DESIGN. DR. BARNARD STATED THAT PROTOTYPE TRACTOR WILL BE COMPLETED AND OPERATIONAL BY MID-MARCH AND THE REMAINING TWO PROTOTYPES WITHIN A FEW WEEKS AFTERWARD. AFTER SUCCESSFUL COMPLETION OF PROTOTYPES, SERIAL PRODUCTION WILL BEGIN AT VETSAK'S BOTHAVILLE PLANT IN ORANGE FREE STATE SOMETIME IN APRIL 1976. PRODUCTION LINE AT BOTHAVILLE PLANT HAS ALREADY BEEN SET UP AND CAN COMMENCE SERIAL PRODUCTION AT ANY TIME. DR. BARNARD SHOWED EMBOFFS COMPLETED FRAMES AND OTHER COMPONENTS OF FIRST PROTOTYPE VEHICLE AS WELL AS THREE TELEDYNE ENGINES CURRENTLY ON HAND.

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2. EMBOFFS ALSO MET WITH MR. DE JAEGER, MANAGING DIRECTOR

OF VETSAK, TO DISCUSS FUTURE PRODUCTION SCHEDULES AND TO GET INDICATION OF NUMBER OF VEHICLES CURRENTLY ON ORDER. MR. DE JAEGER STATED THAT VETSAK NOW HAS FIRM COMMITMENTS (99 PERCENT CERTAIN PENDING OUTCOME OF PROTOTYPE TESTING ONLY) FOR 285 TRACTORS. BUYERS ARE ISCOR, BANTU DEVELOPMENT CORPORATION, DEPARTMENT OF FORESTRY, VARIOUS MINING COMPANIES AND AGRICULTURAL COOPERATIVES. ISCOR AND BANTU DEVELOPMENT CORP ARE BIGGEST PURCHASERS WITH ISCOR ORDERING OVER 100. DE JAEGER IS CONFIDENT THAT MORE THAN THE INITIALLY PLANNED 300 TRACTORS WILL BE PRODUCED AND VETSAK IS CONSIDERING MARKETING THE TRACTOR IN THE US WITH PORTION OF ASSEMBLY PERFORMED IN SOUTH AFRICA AND REMAINDER, INCLUDING ENGINE INSTALLATION, PERFORMED IN US.

3. CONCERNING PRODUCTION SCHEDULE, DE JAEGER CONFIRMED THAT VETSAK NOW PLANNING TO GO INTO SERIAL PRODUCTION AT BOTHAVILLE PLANT SOMETIME IN APRIL. PRODUCTION RATE WILL BE 25 VEHICLES PER MONTH WITH AIM OF HAVING FIRST 20 TO 25 TRACTORS COMPLETED (MINUS ENGINES) BY CIRCA END OF MAY. DE JAEGER ESTIMATES THAT WITH PROTOTYPE BECOMING OPERATIONAL IN MID-MARCH, SECOND SHIPMENT OF TEN ENGINES (FIRST SHIPMENT BEING THREE FOR PROTOTYPES) WILL ARRIVE AT BOTHAVILLE BETWEEN MID-JUNE AND MID-JULY. THIS ESTIMATE BASED ON SHIPMENT OF ENGINES SHORTLY AFTER MID-MARCH AND THREE TO FOUR MONTHS TRANSPORTATION TIME. THE SECOND SHIPMENT OF ENGINES WOULD ARRIVE AT BOTHAVILLE AFTER 30-50 TRACTORS HAVE BEEN COMPLETED AND ONLY AWAITING INSTALLATION OF ENGINE. DE JAEGER REQUESTED, THEREFORE, THAT IF POSSIBLE EXPORT LICENSE BE REVISED TO ALLOW FOR SECOND SHIPMENT TO CONTAIN 25 ENGINES RATHER THAN JUST TEN AND EACH SHIPMENT THEREAFTER TO ALSO CONTAIN 25 ENGINES (LAST SHIPMENT WOULD OBVIOUSLY CONTAIN ONLY 22 ENGINES). DE JAEGER BELIEVES THAT INCREASING SIZE OF INITIAL ENGINE SHIPMENTS WOULD BE SUFFICIENT TO COVER HIS PRODUCTION NEEDS WITHOUT CHANGING TIMING OF SHIPMENTS, ALTHOUGH ENGINE SHIPMENTS WOULD PROBABLY STILL LAG SOMEWHAT BEHIND PRODUCTION.

4. EMBASSY BELIEVES DE JAEGER'S REQUEST TO INCREASE SIZE OF INITIAL ENGINE SHIPMENTS IS REASONABLE IN VIEW OF WHAT WE HAVE SEEN AND HEARD. IT ALSO HAS ADVANTAGE OF NOT SHIPPING SECOND DELIVERY OF ENGINES UNTIL PROTOTYPE OPERATIONAL.

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DE JAEGER HAS OFFERED TO FLY EMBOFF TO BOTHAVILLE TO INSPECT PRODUCTION LINE, TRACTORS AND ENGINES NOW AND AFTER PRODUCTION BEGINS AND THIS, COUPLED WITH OTHER CONTROLS CONTAINED IN LICENSE, SHOULD PROVIDE EMBASSY WITH ADEQUATE MEANS TO INSURE THAT ENGINES ARE BEING PROPERLY USED. IF IT TURNS OUT THAT VETSAK OVERLY OPTIMISTIC ABOUT START-UP TIMES AND MONTHLY PRODUCTION SCHEDULES, SIZE OF SUBSEQUENT ENGINE SHIPMENTS COULD BE REDUCED.

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